DIVISION OF
Health Care
Finance and Policy

Health Safety Net
2011 Quarter 2 Report

September 2011

Deval Patrick, Governor
Commonwealth of Massachusetts

Timothy P. Murray
Lieutenant Governor

JudyAnn Bigby, M.D., Secretary
Executive Office of Health and Human Services

Seena Perumal Carrington, Acting Commissioner
Division of Health Care Finance and Policy

Table of Contents

About the Health Safety Net

HSN Overview

- The Division of Health Care Finance and Policy (DHCFP) administers the Health Safety Net (HSN), created by Chapter 58 of the Acts of 2006. The HSN makes payments to hospitals and community health centers for health care services provided to low-income Massachusetts residents who are uninsured or underinsured.
- This report reflects HSN utilization and payments for first six months (October 1, 2010 through March 31, 2011) of Health Safety Net fiscal year 2011 (HSN11). In HSN11, payments and volume were reported by the month in which the claim was paid by the HSN.

HSN Payments

- As mandated by Chapter 58, the Health Safety Net pays hospitals based on claims, which are adjudicated for patient and service eligibility. HSN payment rates are based on Medicare payment principles. Inpatient medical services are paid using diagnosis-related group (DRG) specific rates, which incorporate adjustments for variations in patient acuity, teaching status, and percent of low-income patients. Inpatient psychiatric and rehabilitation cases are paid using per diem rates. Outpatient services are paid using a per-visit rate developed by estimating the amount Medicare would have paid for comparable services. Additional outpatient adjustments are made for disproportionate share and community hospitals. HSN payments cannot exceed available funding for a given year. If a projected shortfall in payments is anticipated, hospital payments are subject to reduction using the greater proportional need method of shortfall distribution.
- Community health centers (CHCs) are paid by the HSN using the federally qualified health center (FQHC) medical visit rate. Ancillary services provided by CHCs are paid at MassHealth payment rates including all applicable rate enhancements.
- Outpatient prescription drugs for eligible providers are priced using the pharmacy online payment system (POPS) employed by the MassHealth program.
- The HSN also pays for Emergency Room Bad Debt at hospitals and Urgent Care Bad Debt at community health centers when emergency or urgent care services are provided to an uninsured patient from whom the provider is unable to collect payment after pursuing required collection activity.

Notes: Diagnosis-related groups (DRGs) are a classification system that groups patients according to diagnosis, type of treatment, age, and other relevant criteria. Providers are paid a set fee for treating patients in a single DRG category.
Source: Centers for Medicare and Medicaid Services Online Glossary Tool as of 4/16/10.

About the Health Safety Net

HSN Eligibility

- Massachusetts residents who are uninsured or underinsured and have income up to 200% of the Federal Poverty Level (FPL) are eligible for full HSN primary or HSN secondary coverage. If residents have income between 201% and 400% of the FPL, they are eligible for partial HSN or partial HSN secondary coverage, which includes a sliding scale deductible.
- Residents who are enrolled in private health insurance, Medicare, MassHealth, or Commonwealth Care may be eligible for HSN secondary coverage for certain services not covered by their primary insurance and for patient deductibles for low-income Medicare patients. In order to support enrollment in Commonwealth Care, individuals are eligible for the HSN during the Commonwealth Care enrollment process. Individuals who have been determined eligible for Commonwealth Care but do not complete the enrollment process lose their HSN eligibility.
- Chapter 65 of the Acts of 2009 eliminated Commonwealth Care eligibility for Aliens with Special Status (AWSS). Aliens with Special Status are generally legal immigrants who have resided in the United States for fewer than five years. Chapter 65 resulted in the transition of approximately 30,000 individuals from Commonwealth Care to a new program called Commonwealth Care Bridge. During the transition process, these individuals were eligible for the HSN. New AWSS applying for benefits are determined eligible for the HSN or MassHealth Limited instead of Commonwealth Care or Commonwealth Care Bridge.
- In July 2010, MassHealth and Commonwealth Care dental benefits were restructured. In certain instances, the HSN pays for certain dental services for individuals enrolled in MassHealth and Commonwealth Care who are not otherwise eligible for HSN services. This resulted in a significant overall increase in the number of individuals eligible for HSN-funded services.

HSN Funding

- HSN11 funding included the following funding sources: an assessment on acute hospitals' private sector charges; a surcharge on payments made to hospitals and ambulatory surgical centers by HMOs, insurers, third party administrators, and individuals; an annual appropriation from the Commonwealth's General Fund; and offset funding for uncompensated care from the Medical Assistance Trust Fund.

Major Findings

The major findings for the first six months of Health Safety Net Fiscal Year 2011 (HSN11) include:

- Demand for Health Safety Net (HSN) payment is expected to exceed the amount of HSN funding available in HSN11. Demand represents the amount that providers would have been paid in the absence of a funding shortfall. During the first six months of HSN11, hospital providers experienced a $38 million shortfall. If hospital providers had been paid in full, hospital payments would have increased 8% when compared to the same period in the prior year.
- Total HSN volume in the first six months of HSN11 increased by 14% compared to the same period in the prior year. Hospital volume in the first six months of HSN11 increased by 11% compared to the same period in the prior year.
- Inpatient hospital volume for the first six months of HSN11 increased by 10% compared to the same period in the prior year. Outpatient hospital volume in the first six months of HSN11 increased by 11% compared to the same period in the prior year.
- HSN community health center (CHC) volume increased by 23% and payments increased by 27% in the first six months of HSN11, when compared to the same period in the prior year.
- Total unique HSN users increased by 2% in the first six months of HSN11 compared to the same period in the prior year.

HSN11 Oct-Mar Compared to HSN10 Oct-Mar

	Hospital	CHC	Total
Demand Q1-Q2 HSN11 compared to Q1-Q2 HSN10	↑ 8%	↑ 27%	↑ 10%
Payments Q1-Q2 HSN11 compared to Q1-Q2 HSN10	↑ 5%	↑ 27%	↑ 7%
Total Volume Q1-Q2 HSN11 compared to Q1-Q2 HSN10	↑ 11%	↑ 23%	↑ 14%
Users Q1-Q2 HSN11 compared to Q1-Q2 HSN10	N/A	N/A	↑ 2%

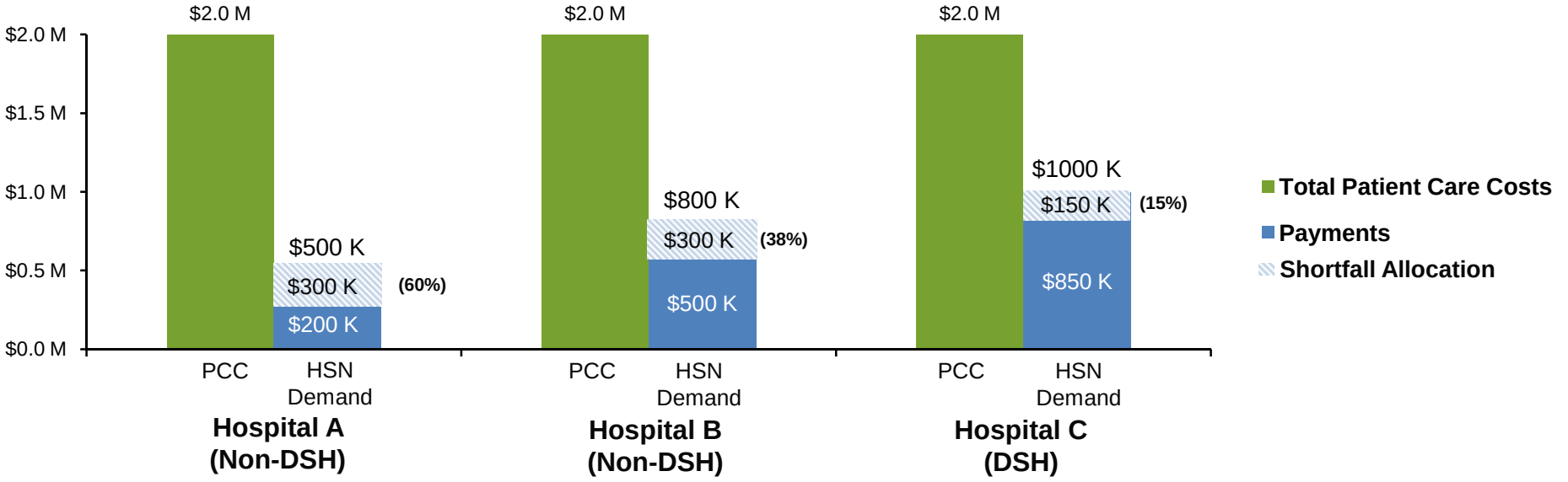
Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. HSN10 is Health Safety Net fiscal year 2010. HSN11 is Health Safety Net fiscal year 2011. HSN10 and HSN11 data reflect updated claims activity and may differ from previously published reports. Users who receive a service in more than one setting (hospital, community health center or emergency room bad debt) are counted only once.

HSN Shortfall Overview

The Health Safety Net (HSN) has a limited amount of funding available to pay providers. When the anticipated payment for services provided is greater than the funding available, the amount of the difference is known as the shortfall. As required by M.G.L. Chapter 118G, Section 39(6)(b), the shortfall is distributed solely by hospital providers. The statute also requires that the shortfall be distributed "in a manner that reflects each hospital's proportional financial requirement for reimbursements from the fund." The distribution methodology is further defined by regulation in 114.6 CMR 14.03(2)(b)(2) to be based on each hospital's share of statewide patient care costs (PCC), including the cost of caring for Medicare and Medicaid patients. Thus, larger hospitals are responsible for a greater share of the shortfall than smaller facilities.

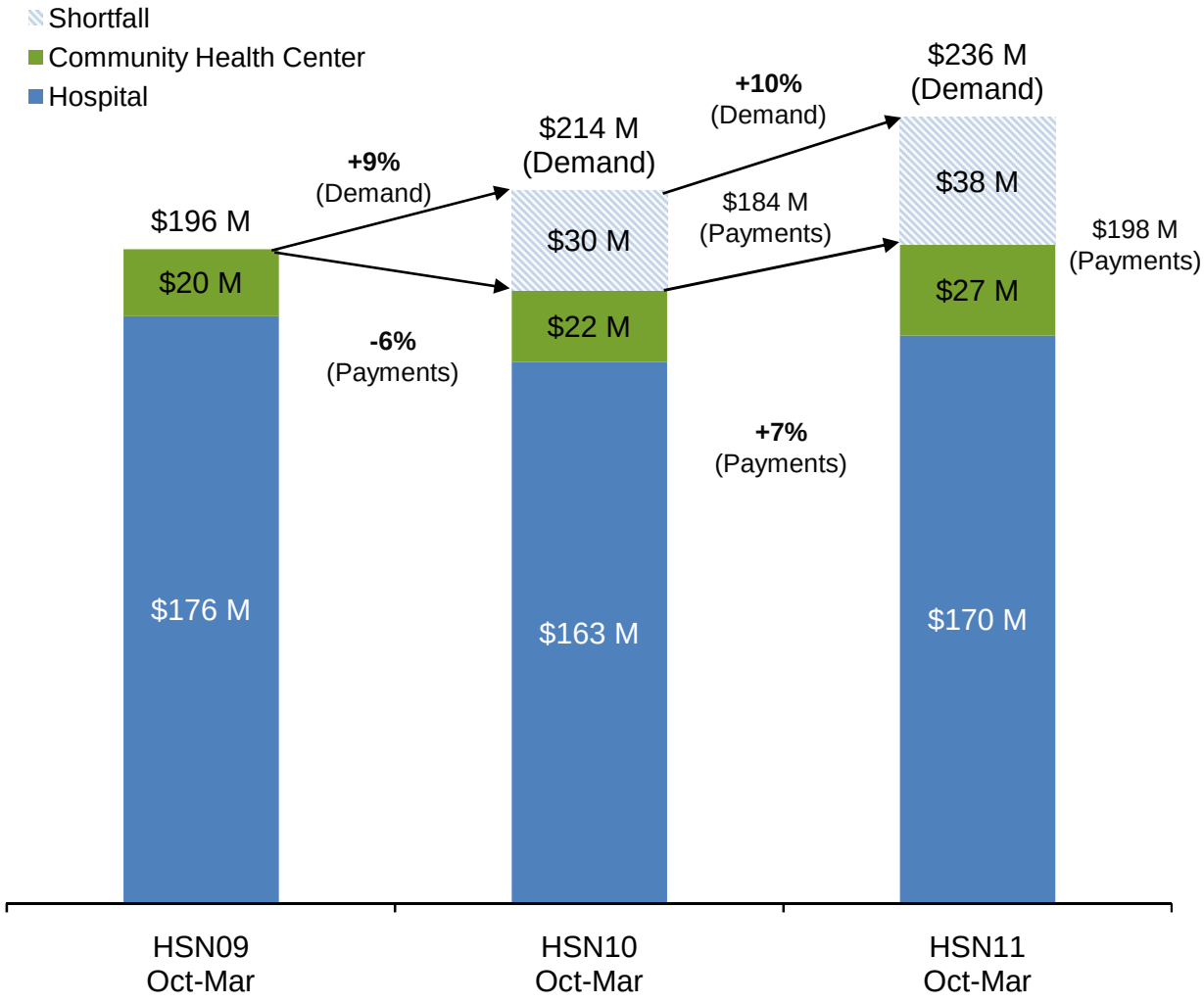
This method of allocating the shortfall is known as the "Greater Proportional Need" (GPN) method. It is intended to distribute the financial burden in a way that does not disadvantage those hospitals providing a larger amount of HSN services.* The effects of the GPN method are illustrated in the chart below, which shows hypothetical hospitals of equal overall size (patient care costs) that provide different levels of services to HSN patients and receive different levels of HSN payment. In this example, facilities A and B experience the same dollar amount of the shortfall. However, because hospital B provides more HSN services, its shortfall allocation is less as a proportion of its HSN payments than is hospital A's shortfall allocation as a proportion of its HSN payments.

Additionally, disproportionate share (DSH) hospitals receive additional protection from the shortfall. DSH hospitals are always paid for at least 85% of their HSN demand in a shortfall situation. In this example, hospital C, a DSH hospital, experiences less of the shortfall than hospitals A or B, despite having the same patient care costs.



* The GPN method avoids distributing the shortfall proportionally to a hospital's HSN demand, which would cause hospitals that provide more HSN services to experience more shortfall dollars. In this example, hospital C would experience the most shortfall dollars if the distribution were proportional to a provider's HSN demand, because hospital C has the most HSN demand. The GPN method allocated the shortfall based primarily on the hospital's size, which is more indicative of the provider's ability to experience a shortfall in funding.

HSN Total Demand and Payment Trends

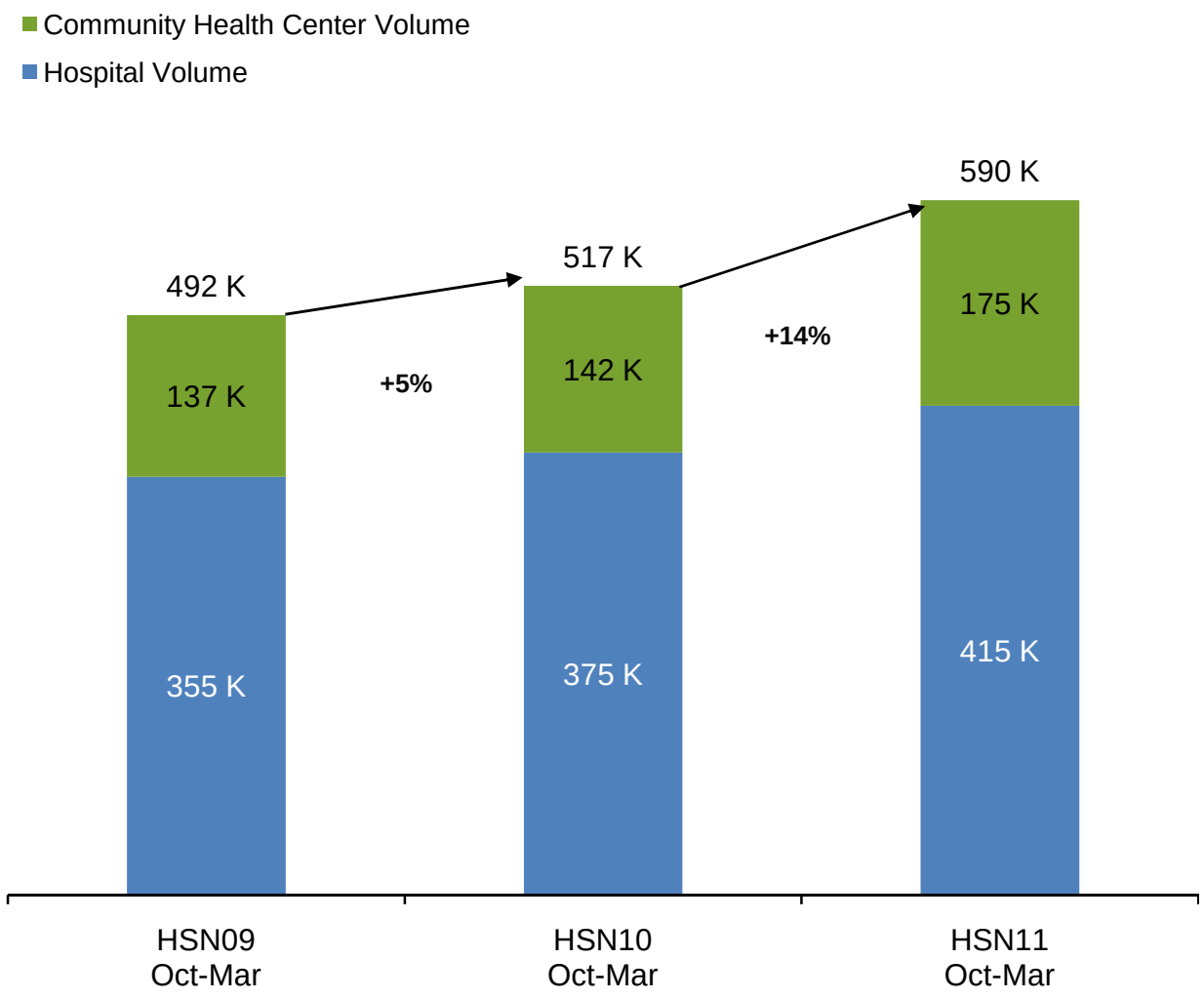


Total Health Safety Net (HSN) payments increased by 7% in the first six months of Health Safety Net fiscal year 2011 (HSN11) compared to the same period in the prior year while demand increased by 10%.

Demand represents the amount that providers would have been paid in the absence of a funding shortfall. Because HSN11 demand is expected to exceed HSN11 funding, hospital providers experienced a $38 million shortfall during the first six months of HSN11.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital and community health center payments are reported in the month in which payment was made. HSN10 payments differ from data previously reported due to a technical adjustment made to HSN payment reporting methodology. Numbers are rounded to the nearest million and may not sum due to rounding; percent changes are calculated prior to rounding.
Source: DHCFP Health Safety Net Data Warehouse as of 4/26/11.

HSN Total Service Volume Trends

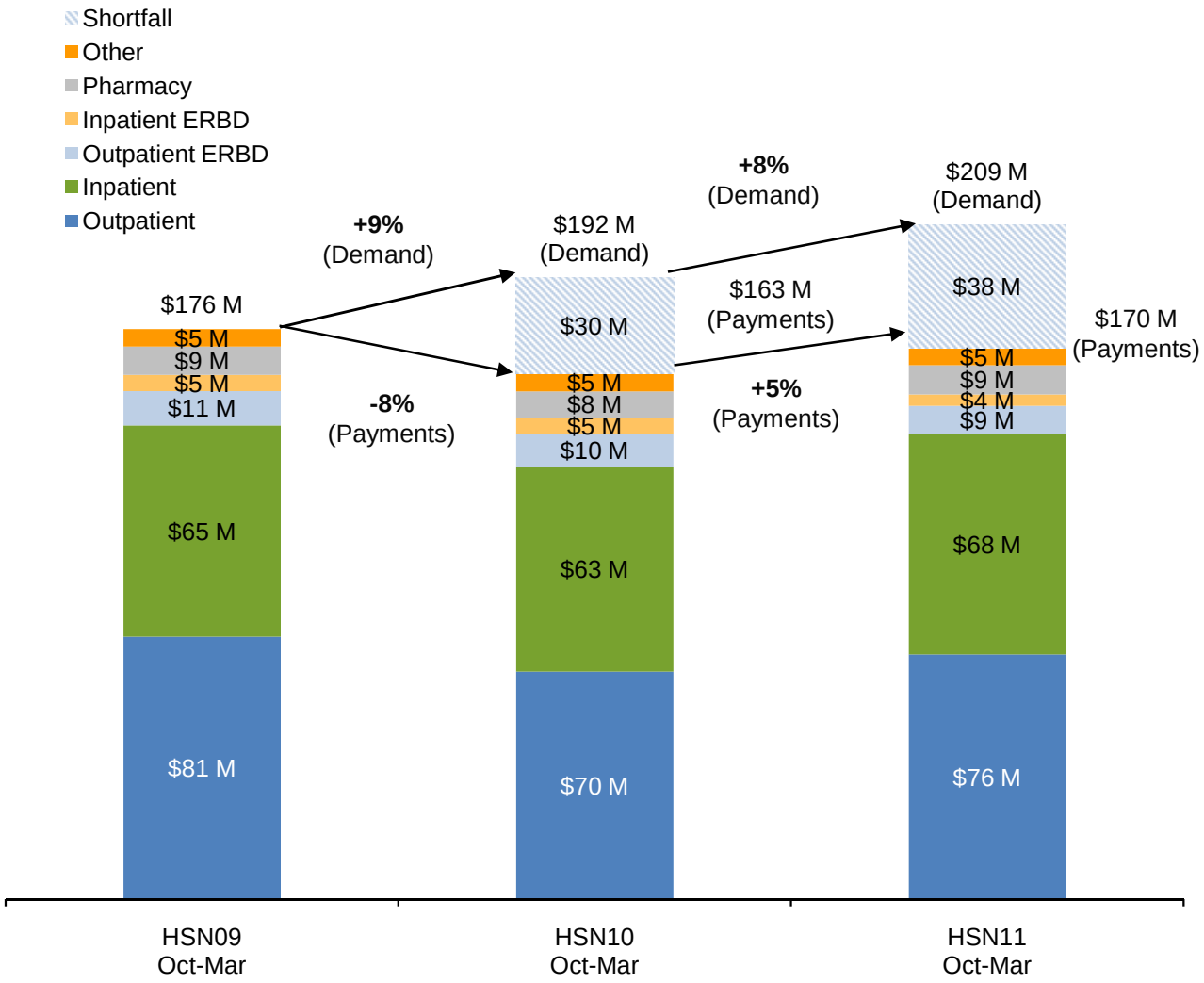


Health Safety Net (HSN) total volume for hospitals and community health centers increased by 14% in the first six months of Health Safety Net fiscal year 2011 (HSN11) compared to the prior year.

Hospital volume is the sum of inpatient discharges and outpatient visits for which payments were made to hospital providers in the years shown. Community health center volume is the sum of visits for which payments were made to community health center providers in the years shown.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital and community health center volume exclude pharmacy claims. HSN10 volume reflects updated claims activity and may differ from data previously published. Numbers are rounded to the nearest thousand and may not sum due to rounding; percent changes are calculated prior to rounding.
Source: DHCFP Health Safety Net Data Warehouse as of 5/20/11.

HSN Hospital Demand and Payment Trends

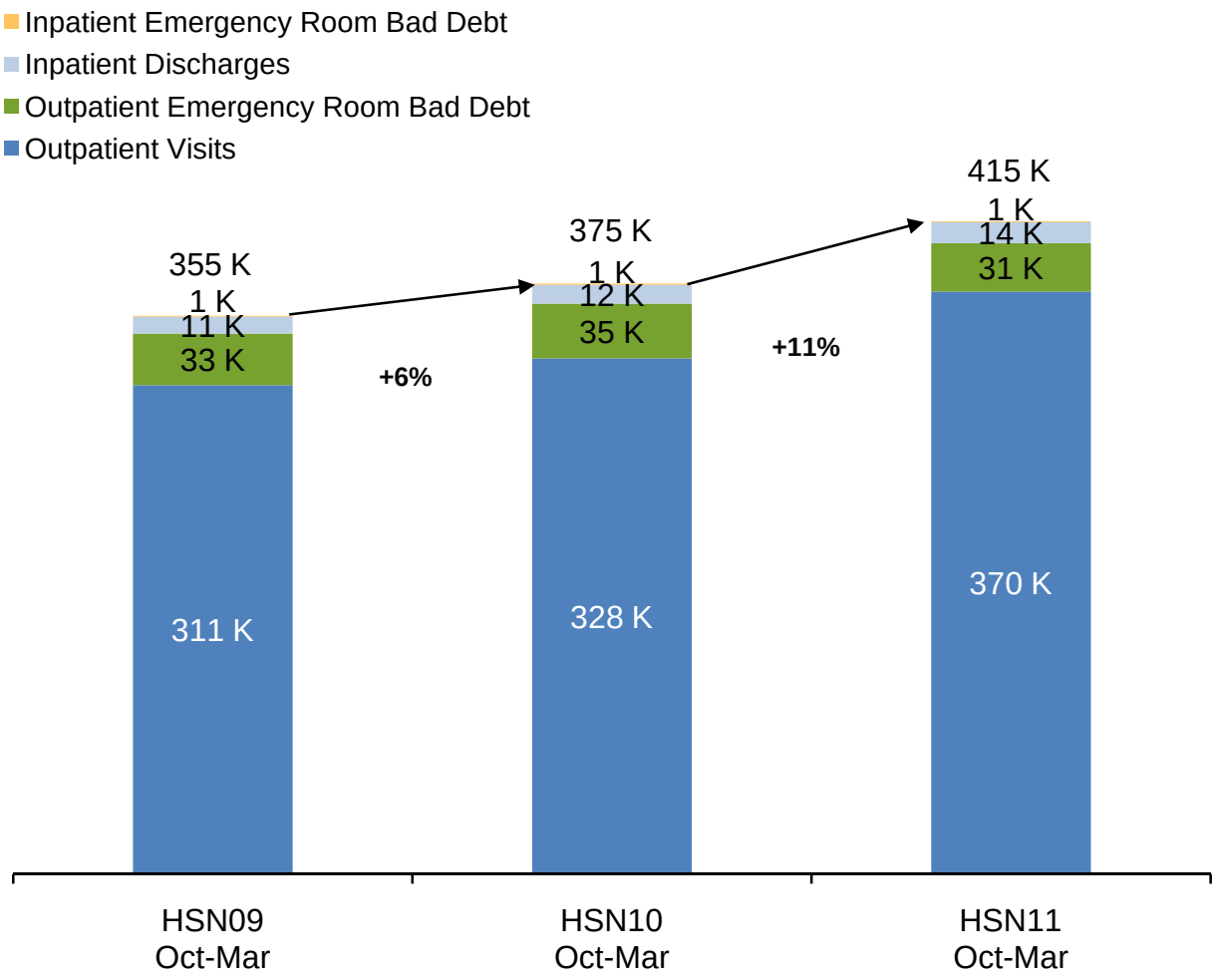


Hospital payments increased by 5% in the first six months of Health Safety Net fiscal year 2011 (HSN11) compared to the same period in the prior year, while hospital demand increased by 8%.

Demand represents the amount that providers would have been paid in the absence of a funding shortfall.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Other HSN Payments include payment adjustments that are not attributable to a service category. Hospital payments are reported in the month in which payment was made. The HSN10 and HSN11 shortfall allocation is distributed proportionally by service type. HSN09 payments differ from data previously published due to a technical change made to the methodology used to determine the payment amount attributable to each service category. HSN10 payments differ from data previously reported due to a technical adjustment made to HSN payment reporting methodology. Numbers are rounded to the nearest million and may not sum due to rounding; percent changes are calculated prior to rounding.
Source: DHCFP Health Safety Net Data Warehouse as of 4/26/11.

HSN Hospital Service Volume Trends

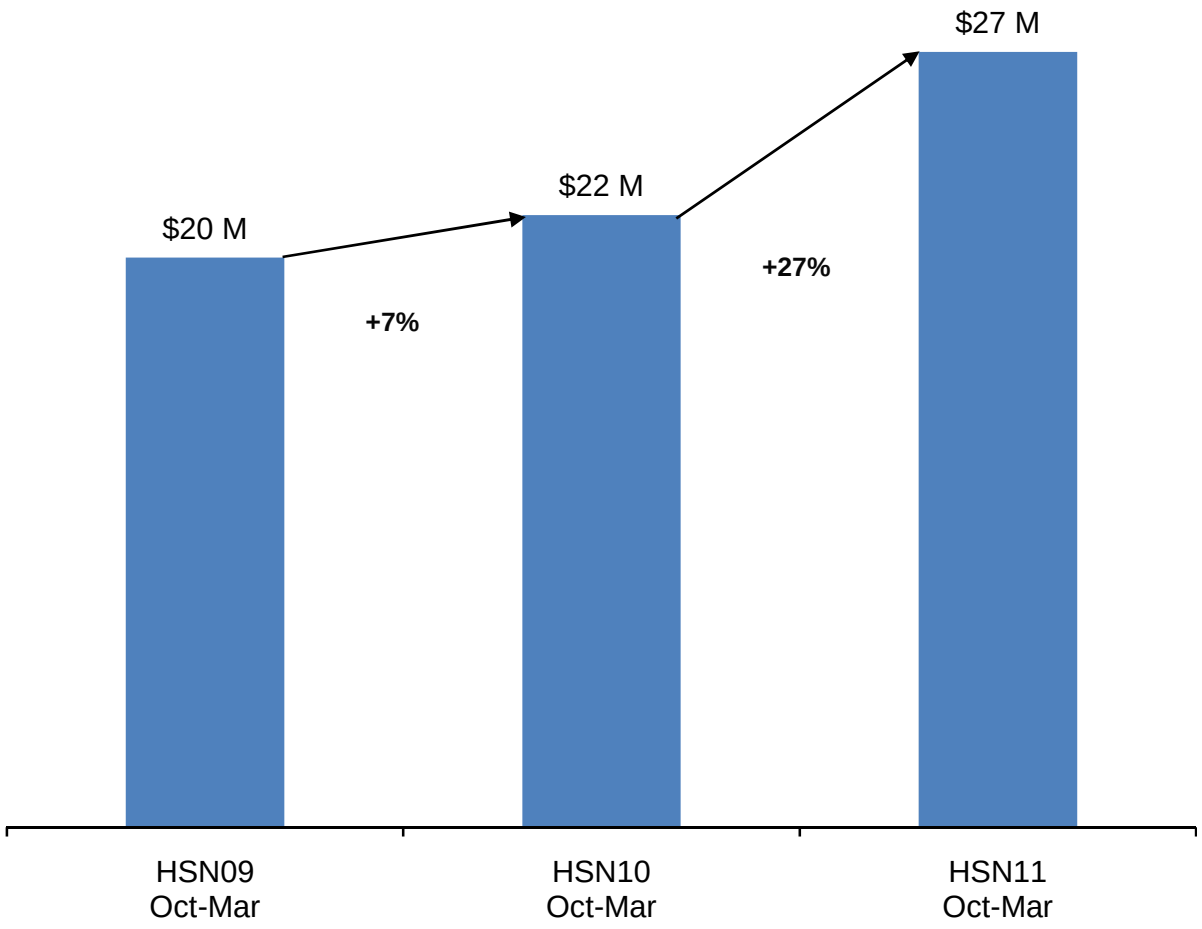


Hospital volume increased by 11% in the first six months of Health Safety Net fiscal year 2011 (HSN11) compared to the same period in the prior year.

During the first six months of HSN11, total inpatient volume increased 10% and total outpatient volume increased 11% compared to the same period in the prior year.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital volume is the sum of inpatient discharges and outpatient visits for which payments were made to hospital providers in the months shown. Numbers are rounded to the nearest thousand and may not sum due to rounding; percent changes are calculated prior to rounding.
Source: DHCFP Health Safety Net Data Warehouse as of 4/26/11.

HSN Community Health Center Payment Trends

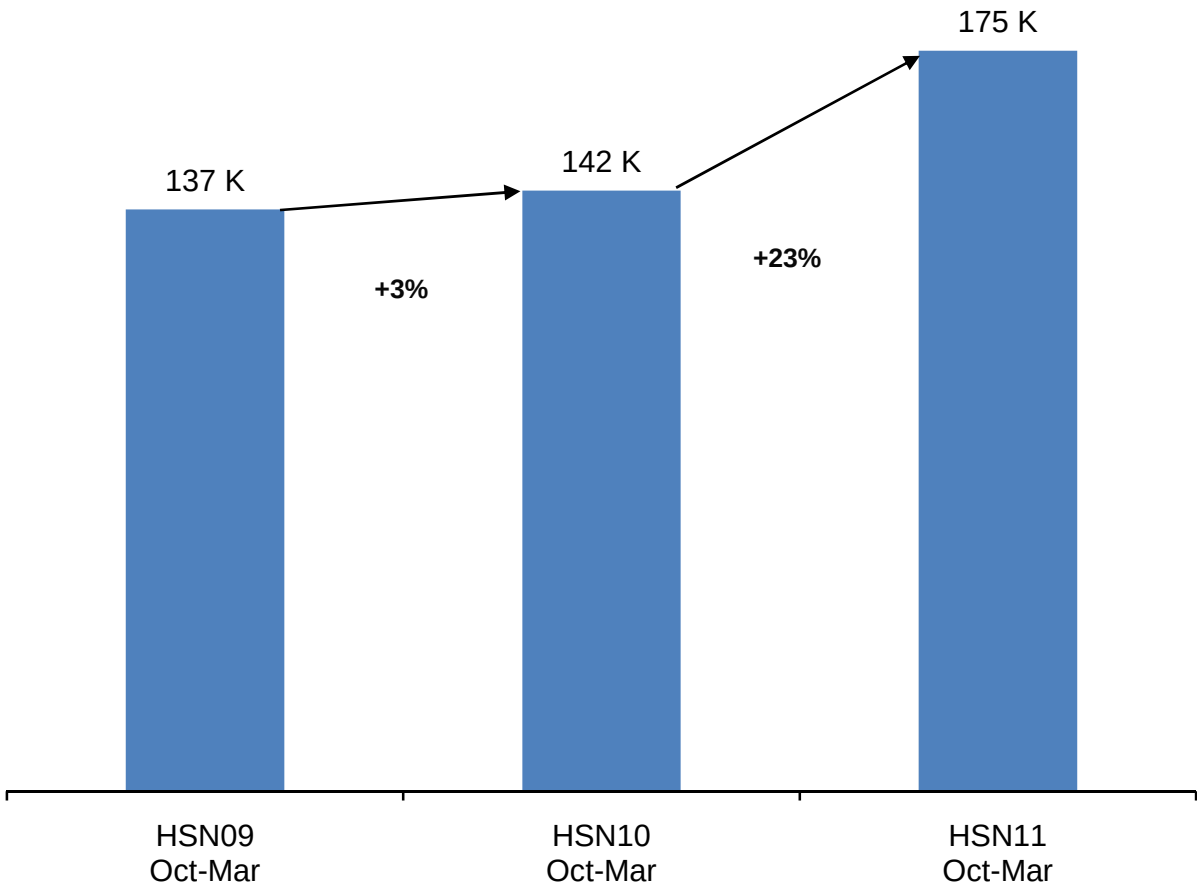


Community health center (CHC) payments increased by 27% in the first six months of Health Safety Net fiscal year 2011 (HSN11) compared to the same period in the prior year.

The majority of this increase is attributable to additional eligible dental services. In July 2010, the HSN expanded access to dental services for certain MassHealth members as a result of MassHealth dental restructuring.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Community health center payments are reported in the month in which payment was made. Numbers are rounded to the nearest million and may not sum due to rounding; percent changes are calculated prior to rounding.
Source: DHCFP Health Safety Net Data Warehouse as of 5/2/11.

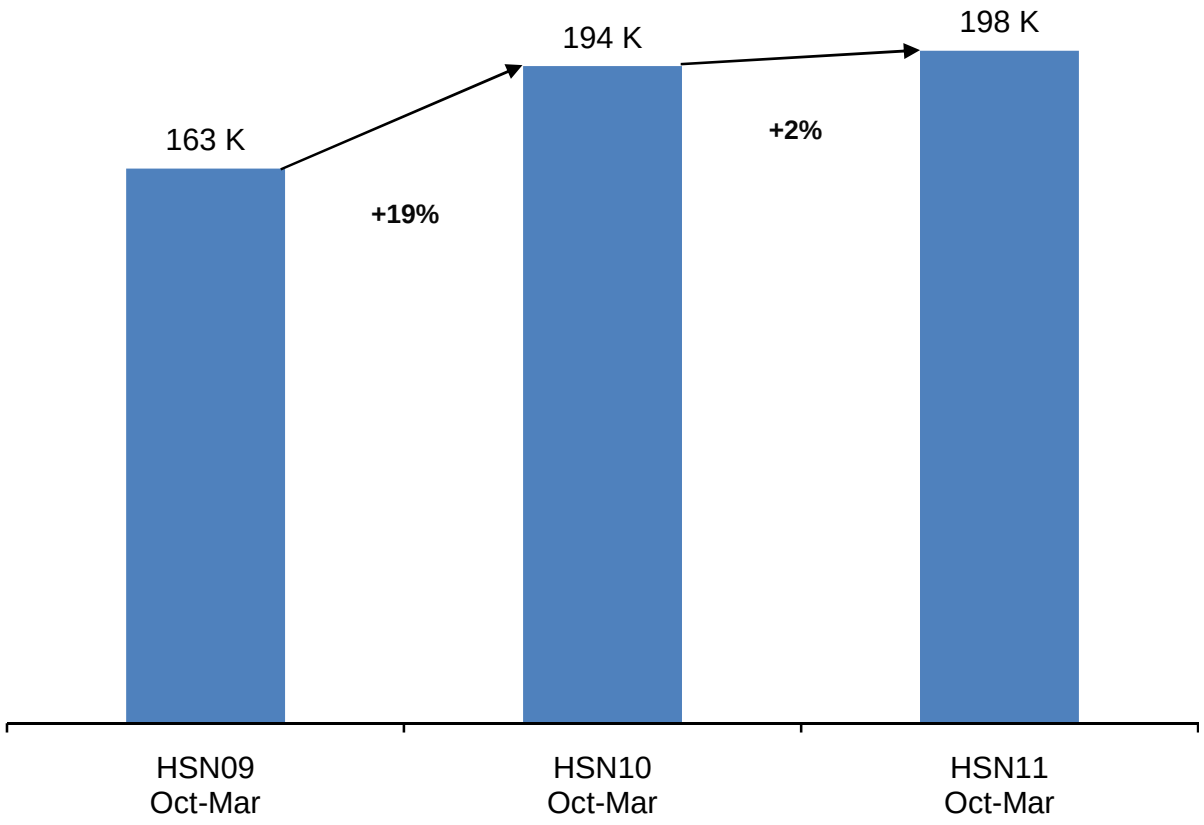
HSN Community Health Center Volume Trends



Community health center (CHC) volume increased by 23% in the first six months of Health Safety Net fiscal year 2011 (HSN11) compared to the same period in the prior year.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Community health center volume is the sum of visits for which payments were made to community health center providers in the months shown. Community health center volume excludes pharmacy claims. CHCs have been moving from a voucher-based to a claims-based adjudication and payment system since April 2009; this transition may result in shifts in volume that is expected to stabilize once all CHCs have transitioned to the new system. HSN10 CHC volume reflects updated CHC claims activity and may differ from data previously published. Numbers are rounded to the nearest thousand and may not sum due to rounding; percent changes are calculated prior to rounding.
Source: DHCFP Health Safety Net Data Warehouse as of 5/20/11.

HSN Total User Trends



Medical expenses for approximately 198,000 individuals were billed to the Health Safety Net (HSN) in the first six months of Health Safety Net fiscal year 2011 (HSN11).

The number of users increased by 2% in the first six months of HSN11 compared to the same period in the prior year.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Users who receive a service in more than one setting (hospital, community health center or emergency room bad debt) are counted only once. Users are reported on claims for which payments were made to hospital and community health center providers in the months shown. HSN10 user count reflects updated claims activity and may differ from data previously published. Numbers are rounded to the nearest thousand; percent changes are calculated prior to rounding.
Source: DHCFP Health Safety Net Data Warehouse as of 5/2/11.

Hospital Utilization and Payments by Service Type and Age

Age Groups for HSN11 Oct-Mar	Inpatient		Outpatient	
	Inpatient Discharges	Inpatient Payments	Outpatient Visits	Outpatient Payments
Ages 0 to 18	1%	1%	2%	3%
Ages 19 to 26	12%	15%	16%	19%
Ages 27 to 44	26%	33%	35%	39%
Ages 45 to 64	34%	43%	32%	31%
Ages 65 and older	26%	7%	15%	8%
Other	0%	1%	0%	0%
All Ages	**100%**	**100%**	**100%**	**100%**

Seventy-six percent of inpatient payments were for services provided to adults ages 27 to 64.

Inpatient volume for this same population accounted for 60% of discharges.

Because the Health Safety Net (HSN) is a secondary payer for low-income Medicare patients, adults ages 65 and older accounted for 26% of inpatient discharges but only 7% of inpatient payments.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital volume is the sum of inpatient discharges and outpatient visits for which payments were made to hospital providers in the months shown. Hospital volume excludes pharmacy claims. Hospital payments are reported in the month in which payment was made. Hospital payments exclude pharmacy payments. 'Other' age category includes claims for HSN-eligible individuals where date of birth is not available. Numbers are rounded to the nearest percent and may not sum to 100% due to rounding.
Source: DHCFP Health Safety Net Data Warehouse as of 4/26/11.

Hospital Utilization and Payments by Service Type and Family Income

	Inpatient		Outpatient	
Income Groups for HSN11 Oct-Mar	**Inpatient Discharges**	**Inpatient Payments**	**Outpatient Visits**	**Outpatient Payments**
No Income	43%	56%	37%	40%
Up to 100% FPL	6%	8%	12%	13%
100.1% to 200% FPL	34%	21%	35%	29%
200.1% to 400% FPL	8%	7%	6%	5%
Emergency Room Bad Debt	4%	5%	9%	12%
Other	4%	3%	2%	2%
All Family Incomes	**100%**	**100%**	**100%**	**100%**

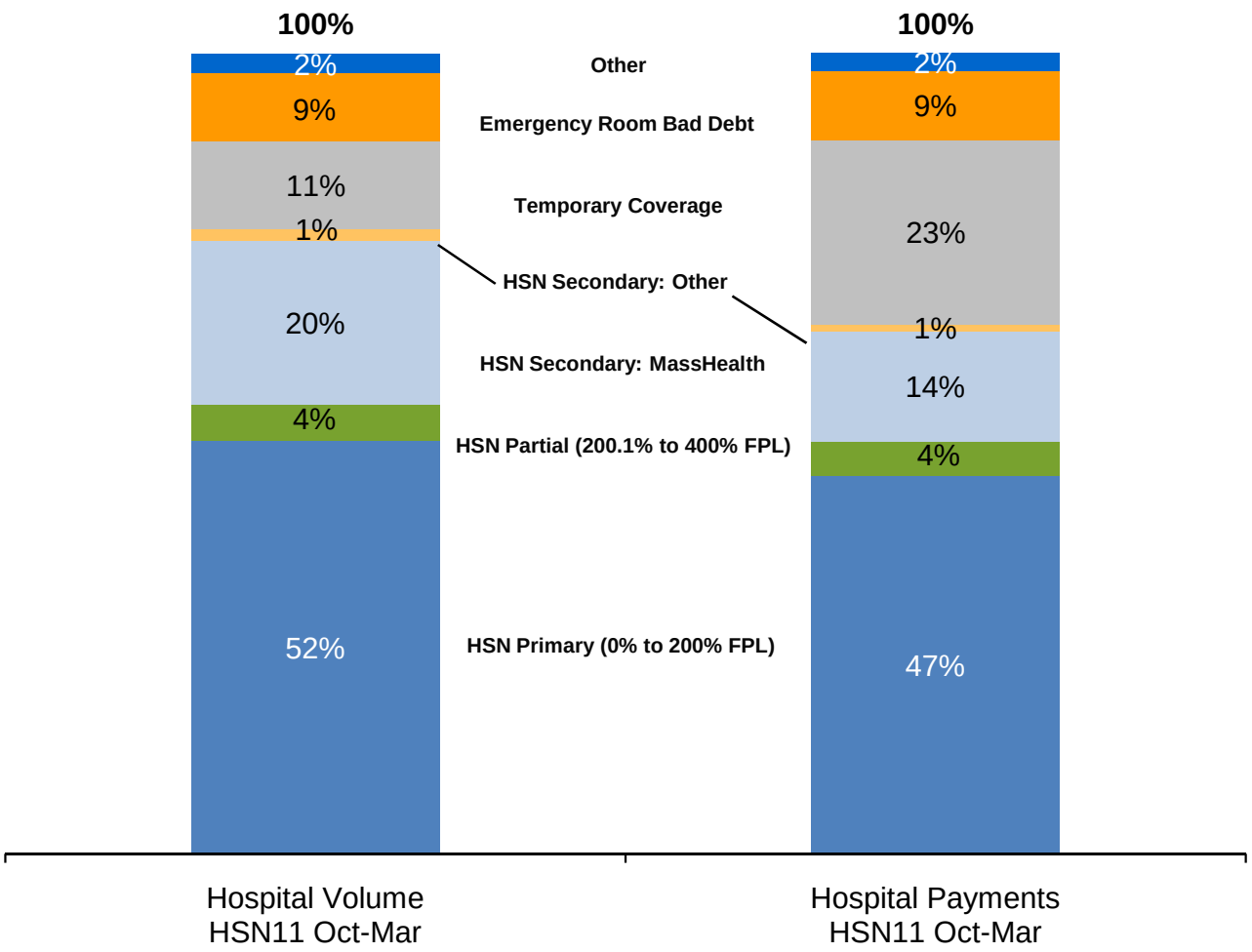
Eighty-five percent of inpatient payments were for services provided to individuals reporting income less than 200% of the federal poverty level (FPL).

Inpatient volume for this same population accounted for 83% of discharges.

Income data is reported on the patient's Medical Benefit Request (MBR) application. There is no MBR information for emergency room bad debt (ERBD) claims.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital volume is the sum of inpatient discharges and outpatient visits for which payments were made to hospital providers in the months shown. Hospital volume excludes pharmacy claims. Hospital payments are reported in the month in which payment was made. Hospital payments exclude pharmacy payments. 'Other' family income category includes claims for HSN-eligible individuals where family income is not available. Numbers are rounded to the nearest percent and may not sum to 100% due to rounding.
Source: DHCFP Health Safety Net Data Warehouse as of 4/27/11.

Hospital Utilization and Payments by Eligibility Group



Approximately half of both hospital volume and payments were for individuals who were eligible only for the Health Safety Net (HSN) and had no other coverage.

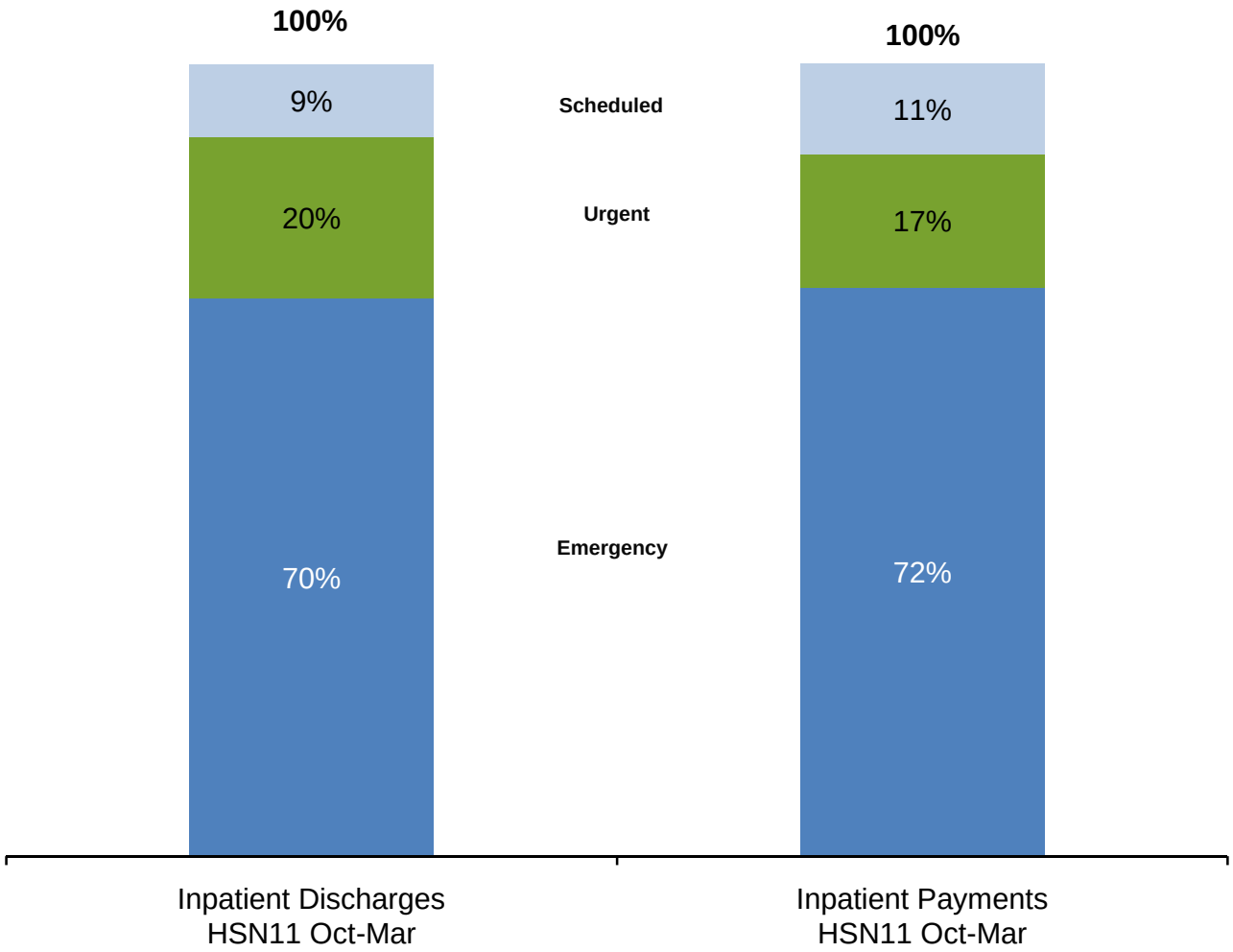
HSN temporary users were the most costly, accounting for only 11% of volume, but 23% of payments.

HSN temporary coverage includes patients awaiting enrollment in Commonwealth Care, MassHealth Basic, and MassHealth Essential.

Temporary users were the most costly due to higher use of inpatient services, which are more costly than outpatient services.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital volume is the sum of inpatient discharges and outpatient visits for which payments were made to hospital providers in the months shown. Hospital volume excludes pharmacy claims. Hospital payments are reported in the month in which payment was made. Hospital payments exclude pharmacy payments. HSN Secondary: Other includes coverage for both Medicare and private insurance patients. 'Other' eligibility category includes claims for HSN-eligible individuals where eligibility is not available. Numbers are rounded to the nearest percent and may not sum to 100% due to rounding. Numbers less than 1% are not displayed.
Source: DHCFP Health Safety Net Data Warehouse as of 4/26/11.

Hospital Inpatient Utilization and Payments by Admission Type



Ninety percent of inpatient discharges and 89% of inpatient payments were for emergency and urgent care.

Nine percent of inpatient discharges and 11% of inpatient payments were for scheduled or elective procedures.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital inpatient volume is inpatient discharges for which payments were made to hospital providers in the months shown. Hospital inpatient volume excludes pharmacy claims. Hospital inpatient payments are reported in the month in which payment was made. Hospital inpatient payments exclude pharmacy payments. Numbers are rounded to the nearest percent and may not sum to 100% due to rounding. Numbers less than 1% are not displayed.
Source: DHCFP Health Safety Net Data Warehouse as of 4/26/11.

Top Ten Inpatient Major Diagnostic Categories

Inpatient Major Diagnostic Categories (MDC) for HSN11 Oct-Mar	Percent Inpatient Discharges	Percent Inpatient Payments
Circulatory diseases and disorders	16%	14%
Digestive diseases and disorders	12%	12%
Mental diseases and disorders	11%	9%
Respiratory system diseases and disorders	10%	7%
Musculoskeletal diseases and disorders	8%	8%
Nervous system diseases and disorders	7%	9%
Hepatobiliary and pancreatic diseases and disorders	5%	7%
Skin, subcutaneous tissue, and breast diseases and disorders	4%	4%
Kidney and urinary tract diseases and disorders	4%	3%
Endocrine, nutritional, and metabolic diseases and disorders	4%	3%
Total for Top Ten Major Diagnostic Categories	**81%**	**76%**

The top ten diagnostic categories accounted for 81% of inpatient discharges and 76% of inpatient payments.

Circulatory, digestive, and mental diseases and disorders were the top three diagnostic categories among inpatient claims.

These three diagnostic categories comprised 39% of inpatient discharges and 35% of inpatient payments.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Inpatient claims are grouped into major diagnostic categories (MDC) using versions 24, 25, or 26 of the Medicare severity diagnosis-related group (MS-DRG) grouper, depending on the date of service on the claim. Hospital inpatient volume is inpatient discharges for which payments were made to hospital providers in the months shown. Hospital inpatient volume excludes pharmacy claims. Hospital inpatient payments are reported in the month in which payment was made. Hospital inpatient payments exclude pharmacy payments. Numbers are rounded to the nearest percent.
Source: DHCFP Health Safety Net Data Warehouse as of 4/26/11.

Top Ten Outpatient Clinical Classification Diagnosis Categories

Outpatient CCS Diagnosis Categories for HSN11 Oct-Mar	Percent Outpatient Claims	Percent Outpatient Payments
Symptoms, signs, and ill-defined conditions and factors influencing health status	15%	15%
Musculoskeletal system and connective tissue diseases	10%	9%
Injury and poisoning	8%	9%
Genitourinary system diseases	8%	8%
Nervous system and sense organ diseases	8%	8%
Circulatory system diseases	8%	7%
Endocrine, nutritional, and metabolic diseases and immunity disorders	7%	6%
Mental illness	7%	6%
Digestive diseases	7%	6%
Respiratory system diseases	6%	6%
Total for Top Ten Clinical Classification Categories	**84%**	**80%**

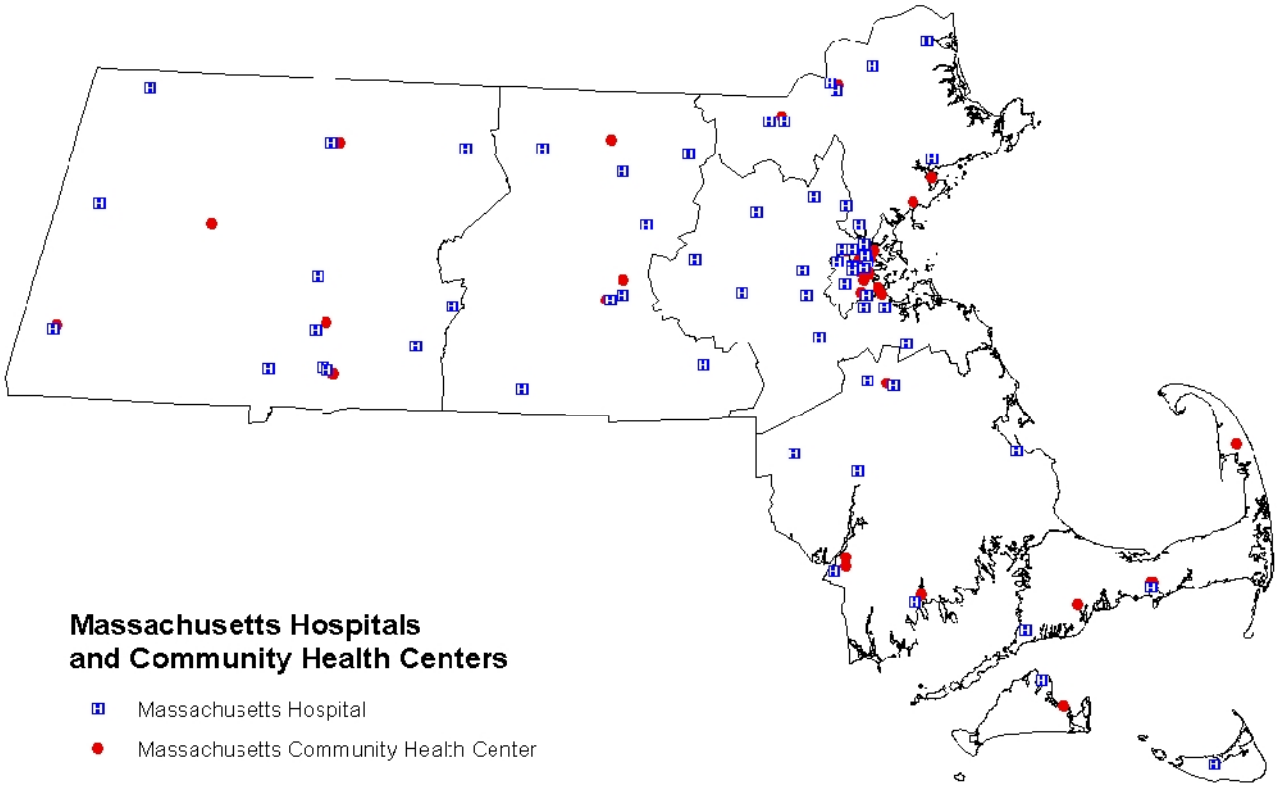
The top ten clinical classification (CCS) diagnosis categories accounted for 84% of outpatient claims and 80% of outpatient payments.

Symptoms, signs, and ill-defined conditions and factors influencing health status; musculoskeletal system and connective tissue diseases; and injury and poisoning were the top three CCS diagnosis categories among outpatient claims.

These three CCS diagnosis categories comprised 33% of outpatient claims and 33% of outpatient payments.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Outpatient 837I claims are grouped using the Clinical Classification Software (CCS) from the Agency for Healthcare Research and Quality (AHRQ). Hospital outpatient claims are claims for which payments were made to hospital providers in the months shown. Hospital outpatient claims exclude pharmacy claims. Hospital outpatient payments are reported in the month in which payment was made. Hospital outpatient payments exclude pharmacy payments. Numbers are rounded to the nearest percent .
Source: DHCFP Health Safety Net Data Warehouse as of 5/24/11.

HSN Hospital and Community Health Center Locations

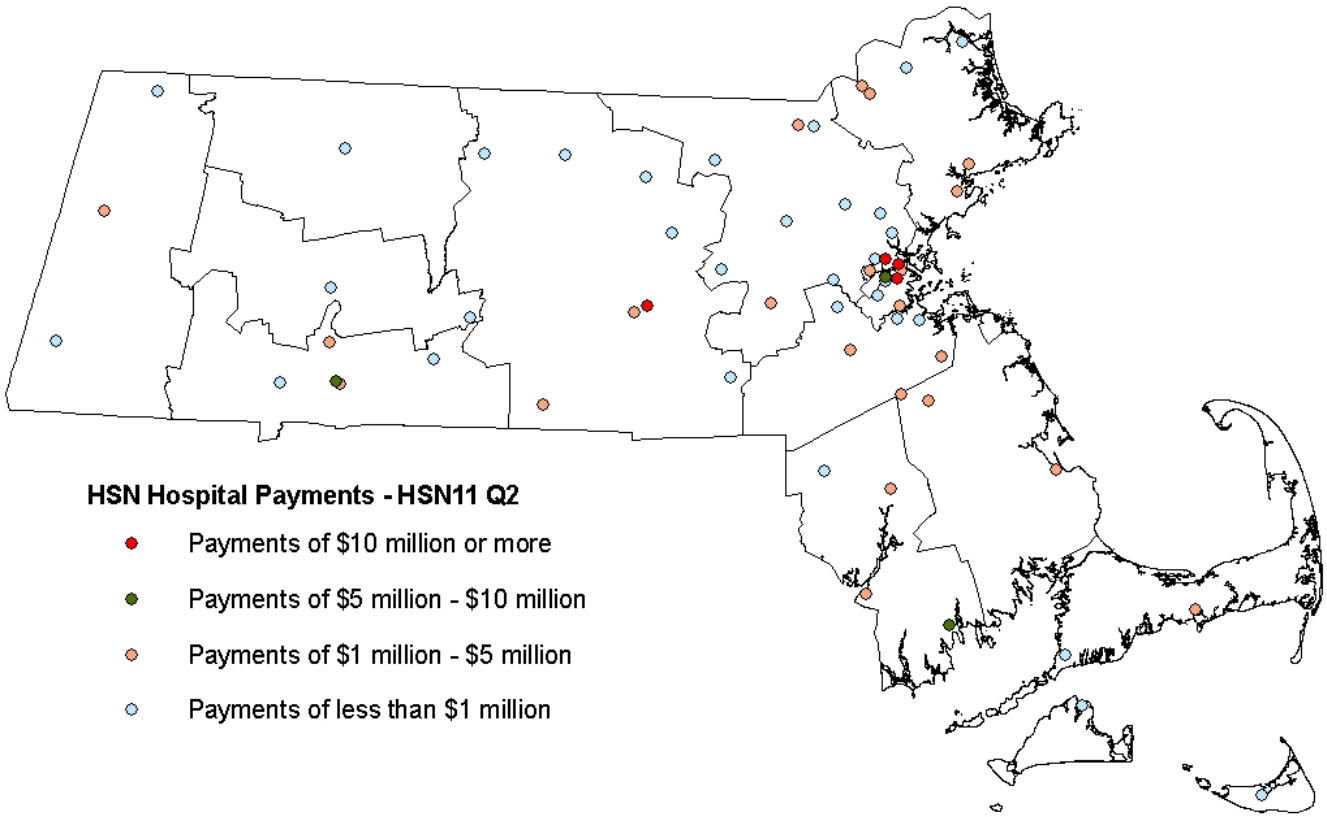


Low-income individuals who are eligible for Health Safety Net (HSN) services can seek care at any of the 65 acute hospitals and 37 community health centers (CHCs) located throughout Massachusetts.

This map shows only the main locations for each hospital and CHC provider. Some HSN providers also offer services at health centers separate from their main location.

Source: DHCFP Health Safety Net Data Warehouse as of 12/20/10.

HSN Hospital Payment Level by Provider



Thirty-four Health Safety Net (HSN) hospital providers received less than $1 million in HSN payments in the first six months of Health Safety Net fiscal year 2011 (HSN11).

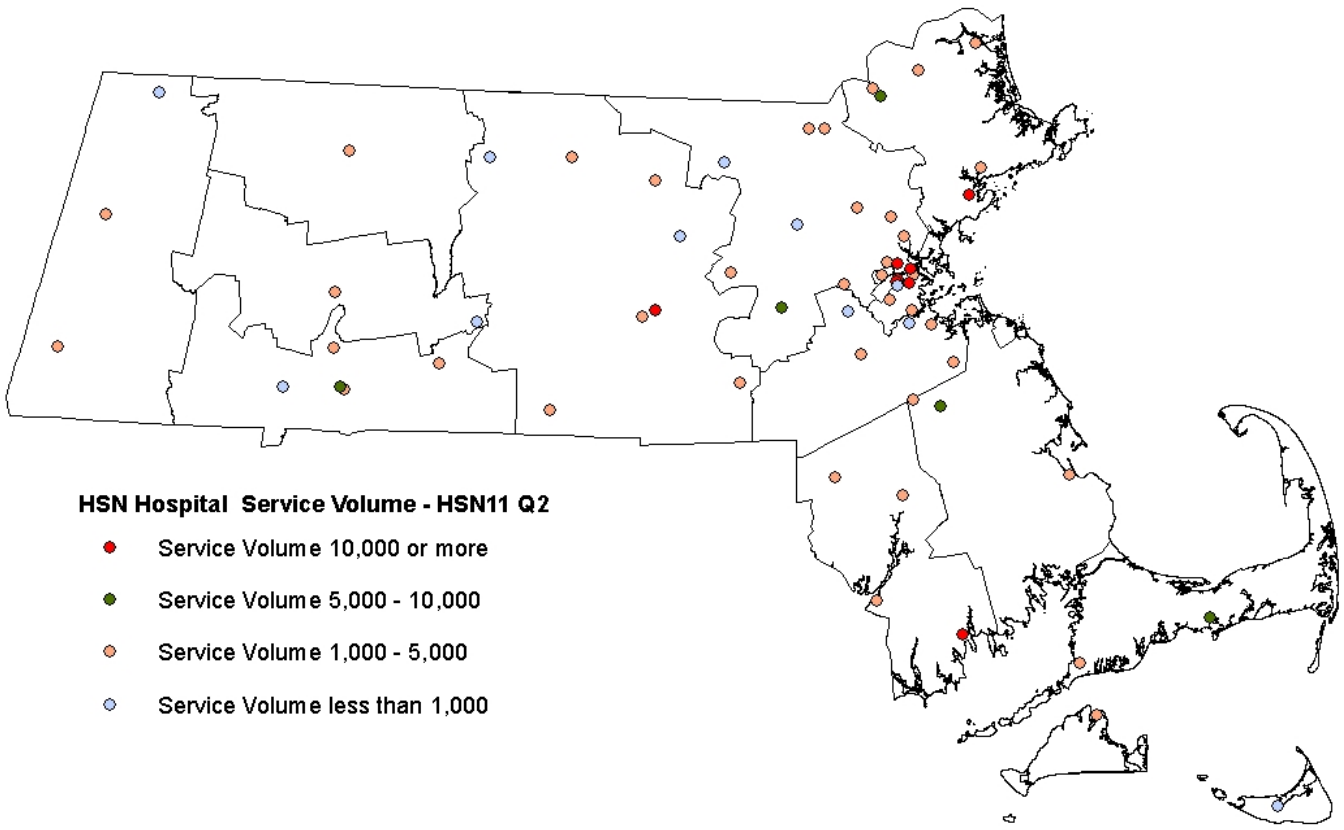
Twenty-three HSN hospital providers received between $1 million and $5 million in HSN payments in the first six months of HSN11.

Four HSN hospital providers received between $5 million and $10 million in HSN payments in the first six months of HSN11.

Boston Medical Center, Cambridge Health Alliance, Massachusetts General Hospital, and UMass Memorial Medical Center received over $10 million in HSN payments in the first six months of HSN11.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital payments are reported in the month in which payment was made.
Source: DHCFP Health Safety Net Data Warehouse as of 5/12/11.

HSN Hospital Service Volume by Provider



Eleven Health Safety Net (HSN) hospital providers experienced less than 1,000 discharges and visits in the first six months of Health Safety Net fiscal year 2011 (HSN11).

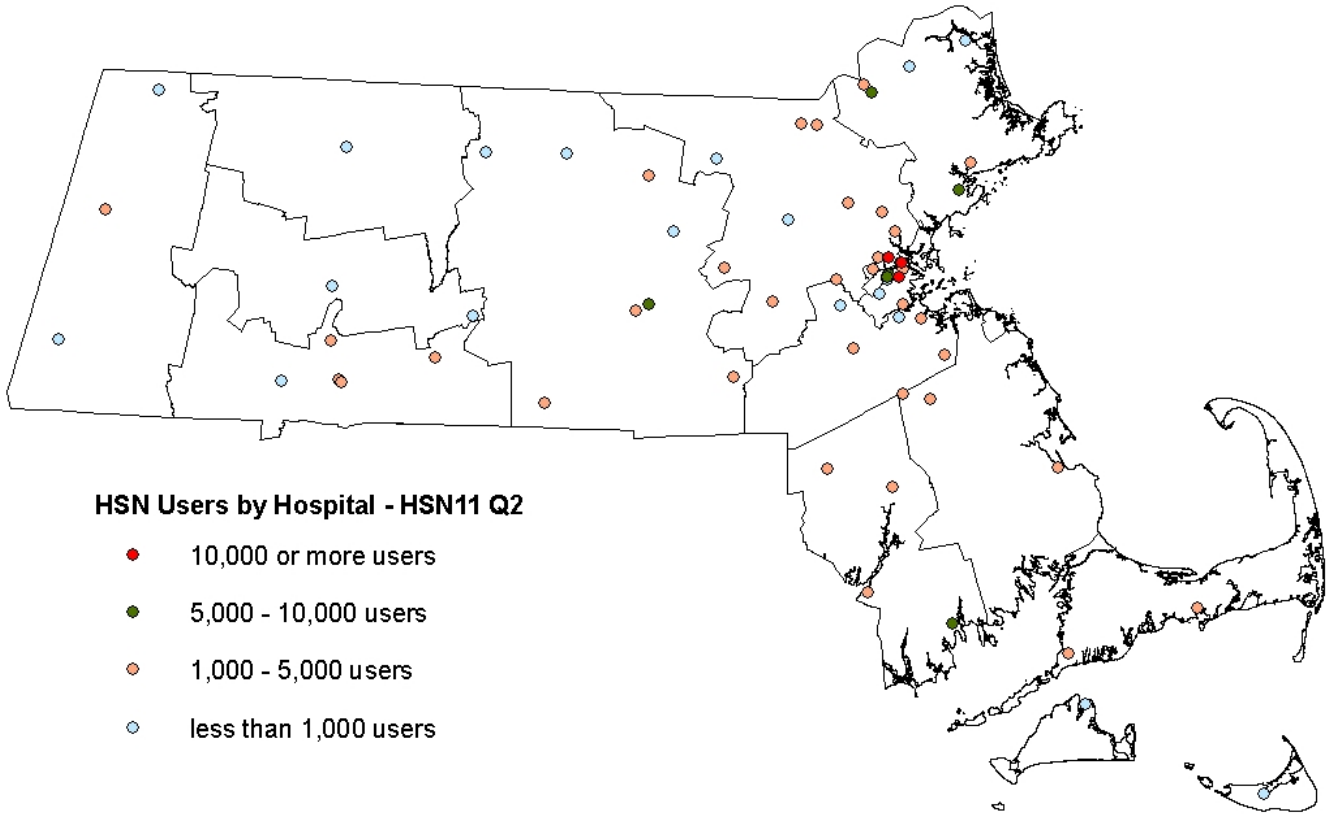
Forty-one HSN hospital providers experienced between 1,000 and 5,000 discharges and visits in the first six months of HSN11.

Five HSN hospital providers experienced between 5,000 and 10,000 discharges and visits in the first six months of HSN11.

Eight HSN hospital providers experienced over 10,000 discharges and visits in the first six months of HSN11.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital volume is the sum of inpatient discharges and outpatient visits for which payments were made to hospital providers in the months shown.
Source: DHCFP Health Safety Net Data Warehouse as of 5/12/11.

HSN Users by Hospital



Twenty Health Safety Net (HSN) hospital providers saw less than 1,000 HSN users in the first six months of Health Safety Net fiscal year 2011 (HSN11).

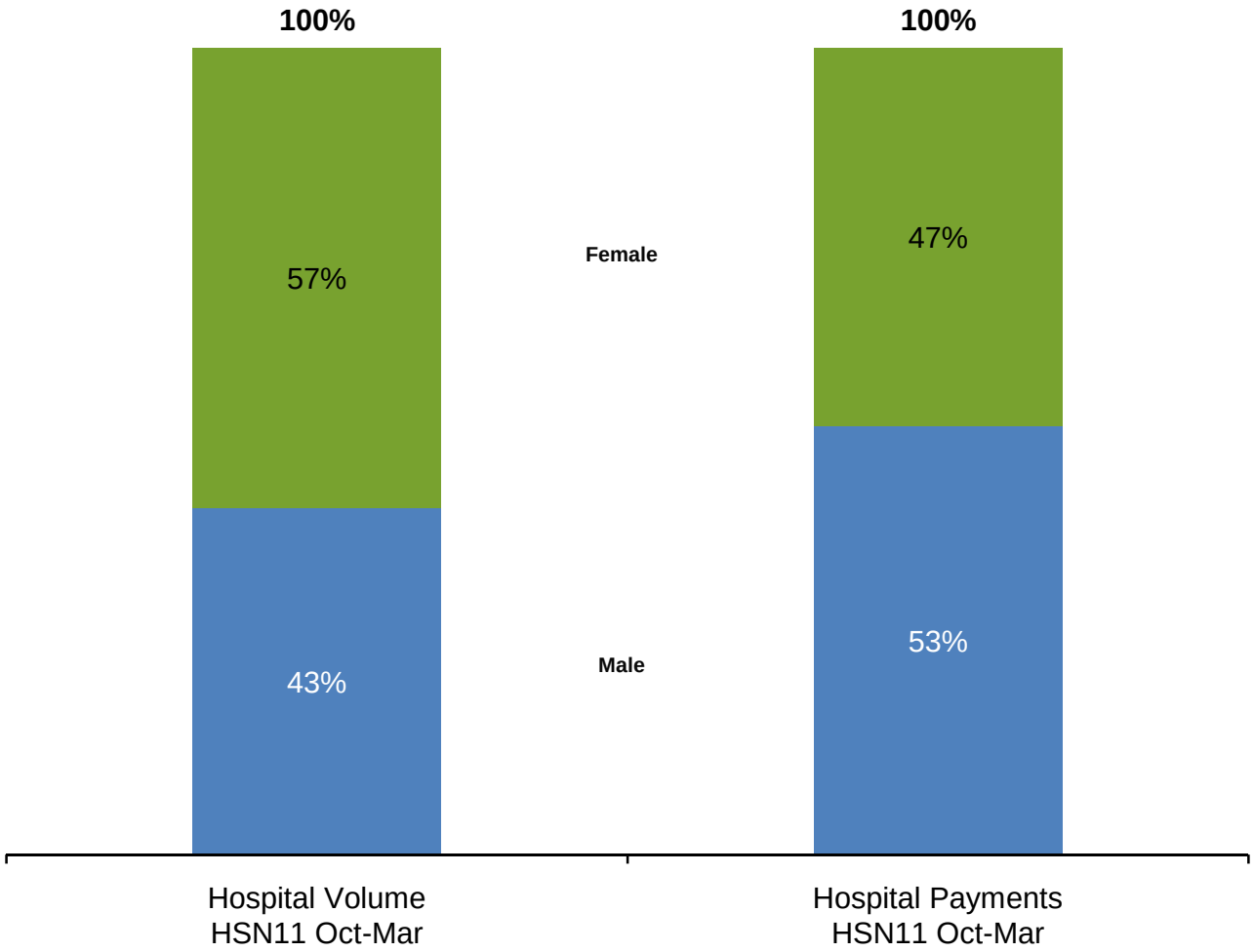
Thirty-six HSN hospital providers saw between 1,000 and 5,000 HSN users in the first six months of HSN11.

Six HSN hospital providers saw between 5,000 and 10,000 HSN users in the first six months of HSN11.

Only Boston Medical Center, Cambridge Health Alliance, and Massachusetts General Hospital saw over 10,000 HSN users in the first six months of HSN11.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Users who receive a service in more than one setting (hospital, community health center or emergency room bad debt) are counted only once. Hospital providers for each user is based on data from their most recent claim. Users are reported on claims for which payments were made to hospital and community health center providers in the months shown.
Source: DHCFP Health Safety Net Data Warehouse as of 5/12/11.

Hospital Utilization and Payments by Gender

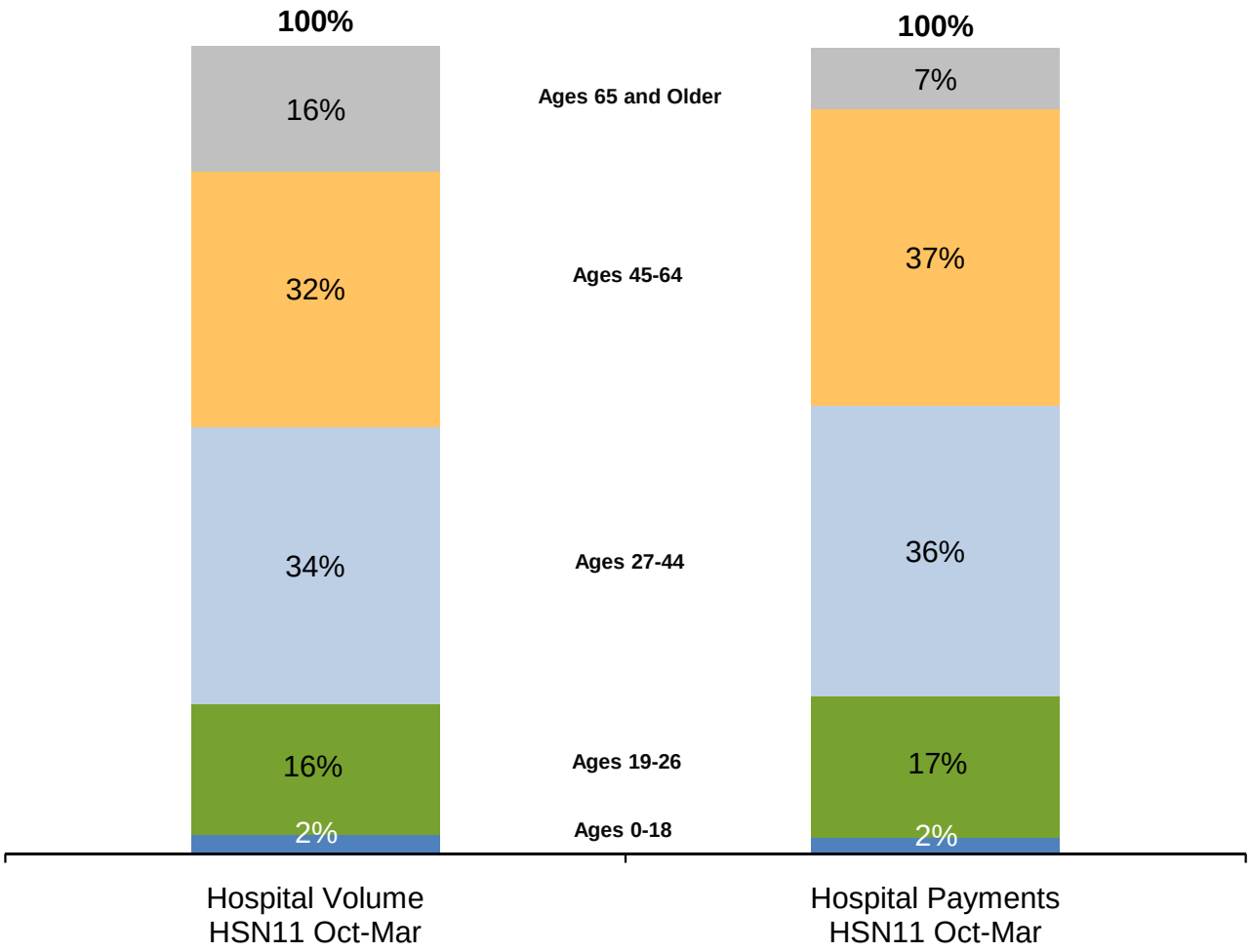


In the first six months of Health Safety Net fiscal year 2011 (HSN11), men used fewer services than women, but had higher payments for their care.

During this period, men accounted for 43% of volume but 53% of payments.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital volume is the sum of inpatient discharges and outpatient visits for which payments were made to hospital providers in the months shown. Hospital volume excludes pharmacy claims. Hospital payments are reported in the month in which payment was made. Hospital payments exclude pharmacy payments. Numbers are rounded to the nearest percent and may not sum to 100% due to rounding. Numbers less than 1% are not displayed.
Source: DHCFP Health Safety Net Data Warehouse as of 4/26/11.

Hospital Utilization and Payments by Age

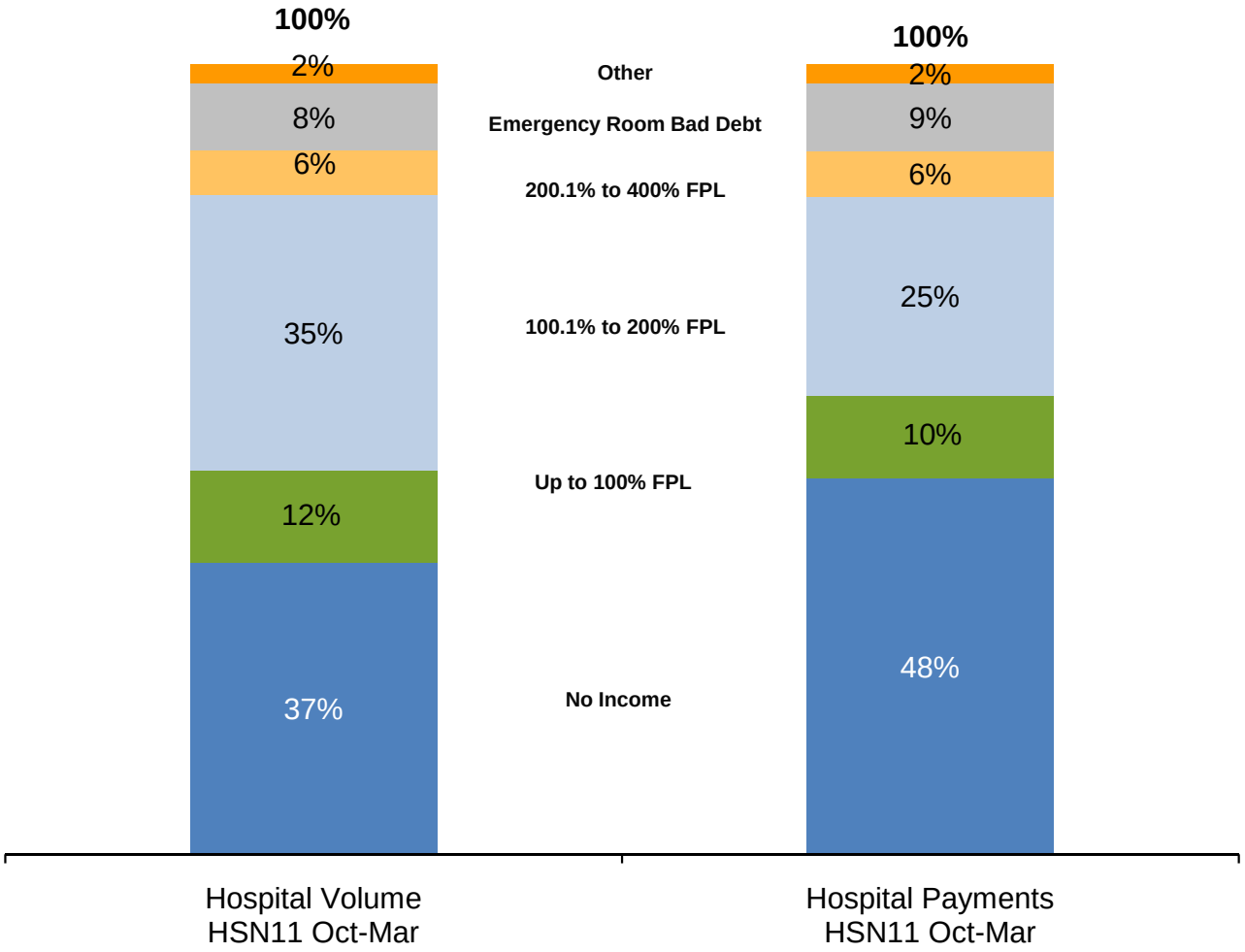


The non-elderly adult population (ages 19 to 64) accounted for 82% of hospital volume and 90% of hospital payments.

Because the Health Safety Net (HSN) is a secondary payer for low-income Medicare patients, adults ages 65 and older accounted for 16% of hospital volume but only 7% of hospital payments.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital volume is the sum of inpatient discharges and outpatient visits for which payments were made to hospital providers in the months shown. Hospital volume excludes pharmacy claims. Hospital payments are reported in the month in which payment was made. Hospital payments exclude pharmacy payments. Numbers are rounded to the nearest percent and may not sum to 100% due to rounding. Numbers less than 1% are not displayed.
Source: DHCFP Health Safety Net Data Warehouse as of 4/26/11.

Hospital Utilization and Payments by Family Income



Users reporting no income received the most costly services, comprising 37% of service volume that generated 48% of payments.

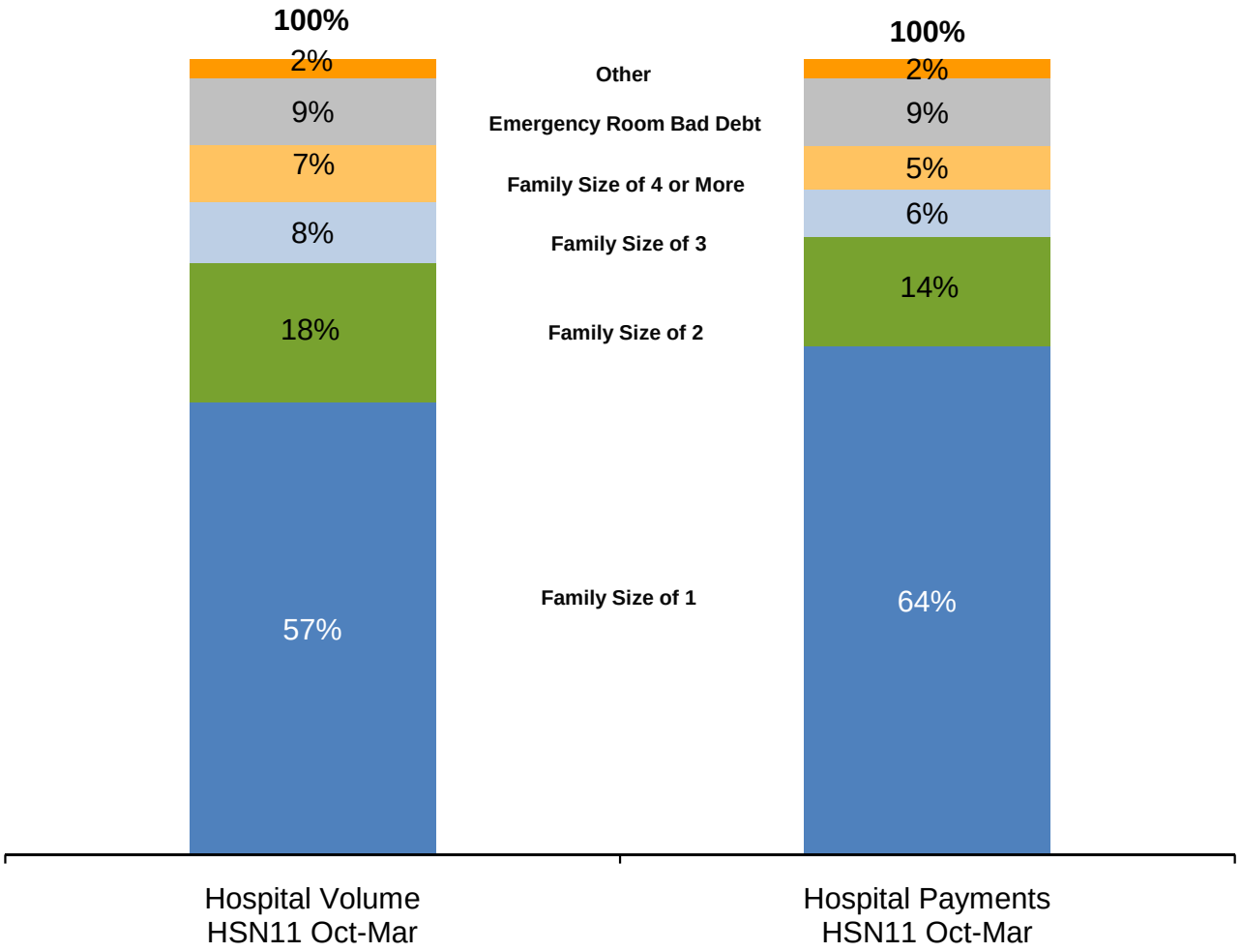
Users reporting income between 100.1% and 200% of the federal poverty level (FPL) used the least costly service mix, accounting for 35% of volume and 25% of payments.

Individuals reporting income less than 200% of the FPL received services accounting for 84% of volume and 83% of payments.

Income data is reported on the patient's Medical Benefit Request (MBR) application. There is no MBR information for emergency room bad debt (ERBD) claims.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital volume is the sum of inpatient discharges and outpatient visits for which payments were made to hospital providers in the months shown. Hospital volume and payments exclude pharmacy claims. Hospital payments are reported in the month in which payment was made. Numbers are rounded to the nearest percent and may not sum to 100% due to rounding. 'Other' family income category includes claims for HSN-eligible individuals where family income is not available. Numbers less than 1% are not displayed.
Source: DHCFP Health Safety Net Data Warehouse as of 4/26/11.

Hospital Utilization and Payments by Family Size



Single adults accounted for 57% of hospital volume and 64% of hospital payments.

Family size data are reported on the patient's Medical Benefit Request (MBR) application. There is no MBR information for emergency room bad debt (ERBD) claims.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital volume is the sum of inpatient discharges and outpatient visits for which payments were made to hospital providers in the months shown. Hospital volume and payments exclude pharmacy claims. Hospital payments are reported in the month in which payment was made. Numbers are rounded to the nearest percent and may not sum to 100% due to rounding. 'Other' family size category includes claims for HSN-eligible individuals where family size is not available. Numbers less than 1% are not displayed.
Source: DHCFP Health Safety Net Data Warehouse as of 4/26/11.

Sources and Uses

Sources

- The Health Safety Net (HSN) is primarily funded from three sources: an assessment on acute hospitals' private sector charges; a surcharge on payments made to hospitals and ambulatory surgical centers by HMOs, insurers, third party administrators, and individuals; and an annual appropriation from the Commonwealth's General Fund.

Hospital Assessments

- The total amount paid by hospitals into the HSN is established by the legislature. The fiscal year 2011 (FY11) state budget established a total hospital assessment of $160 million. Each hospital's assessment is calculated by multiplying its private sector charges by the uniform percentage, which is calculated by dividing the total assessment ($160 million) by the total private sector charges from all hospitals statewide. Since each hospital's liability is based on its private sector charges, hospitals that treat more private patients make larger payments to the HSN.

Surcharge Collections

- The total amount collected through the surcharge is established by the Massachusetts legislature. The Division of Health Care Finance and Policy (DHCFP) sets the surcharge percentage at a level to produce the total amount specified by the legislature. For Health Safety Net fiscal year 2011 (HSN11), that amount totaled $160 million.

General Fund

- The Commonwealth also makes a General Fund contribution to the HSN. In HSN11, the total General Fund contribution was $30 million.

Offsets for Uncompensated Care

- In HSN11, $70 million from the Medical Assistance Trust Fund was used to offset uncompensated care costs for allowable HSN services to Boston Medical Center ($20 million) and Cambridge Health Alliance ($50 million).

Uses

- Projected uses of HSN funds include estimated hospital demand, estimated community health center payments, and $6 million for demonstration projects.

HSN11 Sources and Projected Uses

Funding Sources	
Hospital assessment	$160.0
Surcharge payers	$160.0
General fund contribution	$30.0
MATF offset to hospital demand*	$70.0
Total Sources	**$420.0**

Projected Uses	
Estimated hospital demand	($459.0)
Estimated community health center payments	($58.2)
Demonstration projects	($6.0)
Projected Uses	**($523.2)**
Projected Shortfall	**($103.2)**

Notes: Dollars in millions. Estimated hospital payments include allowance of $18 million for denied claims that may remediate. Based on Hospital data through June 2011 and CHC data through April 2011.
*Up to $70 million is available from the Medical Assistance Trust Fund to offset uncompensated care costs for allowable HSN services to Boston Medical Center ($20 million) and Cambridge Health Alliance ($50 million).

Division of Health Care Finance and Policy
Two Boylston Street
Boston, MA 02116
Phone: (617) 988-3100
Fax: (617) 727-7662
Website: www.mass.gov/dhcfp

Publication Number: 11-256-HCF-02
Authorized by Gary Lambert, State Purchasing Agent

This publication is available online at http://www.mass.gov/dhcfp .
When printed by the Commonwealth of Massachusetts, copies are printed on recycled paper.